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Illawarra Technology Corporation Annual Report 2001

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A University of Wollongong Enterprise

ITC



Annual Report

2001

Mission Statement

To undertake activities which enable ITC to support and add value to the strategic goals and objectives of the University of Wollongong;

and

To acquire and manage contracts and deliver services which achieve a commercial return and enable ITC to contribute financially in support of the University of Wollongong.

Illawarra Technology Corporation Limited

A.C.N. 002 882 064

(Limited by shares and Guarantee)

A.B.N. 77 002 882 064

ISO Accrediting Body

Lloyds Register Quality Assurance



ITC is certified under a Quality Management System

Internal Auditor

KPMG

External Auditor

Audit Office of NSW

Lawyer

Minter Ellison

Other Accrediting and Licencing Agencies:

NSW Vocational Training Accreditation Board (VETAB)

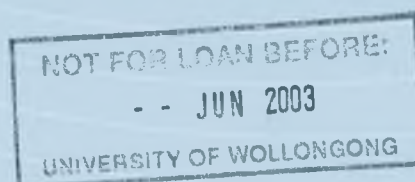
Australian Council for Private Education & Training (ACPET)

English Australia

United Arab Emirates Ministry of Higher Education and Scientific Research

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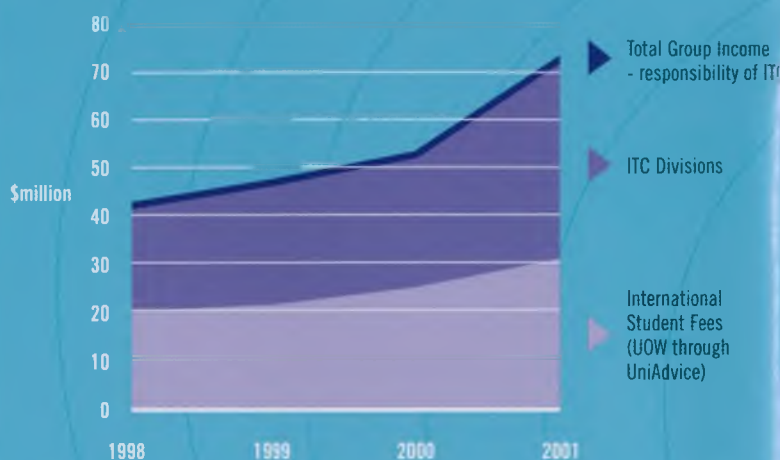


Chairman's Report



Business Growth Table

Revenue the Responsibility of ITC



It is with great personal satisfaction that I can report that ITC has recorded a profit of \$127,800 for 2001, after transferring some \$970k to the University of Wollongong during the year ended 31 December 2001. This result can only be attributed to the hard work of each and every employee of ITC, together with the active support of the members of the Board of Directors of the Company, and in concert with the activities of the University (as our shareholder and partner).

This result continues a trend of aggressive and successful growth, achieved across all areas of the Company's activities. In 2001 the focus has remained on the educational and international project activities as the key areas. Revenue growth (2001 over 2000) amounted to \$14.1 million, an enviable increase by any standard.

The changing environment

As referred to in my report for the year 2000, the environment within which the Company operates continues to evolve, with the need now not just being to deliver the appropriate services, but to do so at a profit, in order to give a financial return to the shareholder. With the continuing reduction in government funding (in percentage terms) to the University, like every Australian university, the need for their respective commercial enterprises to increase their performance is even more important. ITC has been successfully moving to reach this goal in recent years.

To say the Company has now achieved this would be to over simplify the hard won performances of recent years. To simply say that the Company needs to achieve more would also be to understate the task ahead.

In all our markets ITC faces stiff and increasing competition, all striving to make a return for their shareholders. ITC is well placed to continue to build on its successes, and to look to future expansion, either by growth or acquisition to allow it to continue to build its contribution to the University. The continuing improvement in financial returns is an imperative.

Further plans are being considered by the Board for the growth and expansion of ITC in 2002 and beyond, and the year in prospect looks particularly exciting and challenging as we move forward.

Congratulations, with thanks

I take this opportunity to thank all employees for their efforts over the past year, and to wish them well as they face the prospects and challenges over this coming year.

G F Maltby AO

Directors

Refer to page 15 for information on Directors



Mr. IW Langridge



Dr. BS Gillett



Dr. BS Hickman



Prof. GR Sutton



Prof. PM Robinson



Ms. E. Menties

growth

HIGHLIGHTS AND ACHIEVEMENTS IN 2001

Equal Opportunity for Women in the Workplace

- ▶ Positioning itself as an 'Employer of Choice for Women' for 2001/2002 and recognised as one of Australia's top 55 'female-friendly' companies
- ▶ Reduced staff turnover by 34% in past 12 months
- ▶ Developing a number of family-friendly programs, including paid parental leave and unpaid parental leave for casual employees.

Health, Safety & Wellbeing

- ▶ Taking a pro-active approach to managing safety and employee welfare in the workplace through assessment and provision of training and resources including identified ergonomic tools and employee assistance programs
- ▶ Established clear reporting guidelines and consultative mechanisms across the company for OH&S matters.

Quality Management System

- ▶ Accredited to ISO 9002 (1994) in August 1999 through Lloyd's Register Quality Assurance, maintaining accreditation through triennium, and commenced move to meet the new ISO 9002 (2000) standard.

ITC's move to Best Practice

Managing Director's Report



Key Facts and Figures

Annual Turnover	- ITC Divisions	\$41.6M
	- International Recruitment Activity	\$30.6M
	Total	\$72.2m

Net Profit	\$0.1m
-------------------	---------------

Staff (head count)	504
---------------------------	------------

Contribution to UOW	2001	1996-01
	\$'000	\$'000
- International project fees	339	2,945
- Faculty fees	410	1,777
- Faculties (consultancies)	150	977
- Scholarships	71	398
- Technology development	-	2,312
Total	970	8,409

Offices located at:	Wollongong	Jakarta (Indonesia)
	Sydney	Dili (East Timor)
	Rochester (UK)	Vientianne (Laos)
	Batam (Indonesia)	

What a celebration for our 20th Year!

ITC, as the largest of the University of Wollongong subsidiaries, celebrated its twentieth year in November 2001, a fitting statement for an enterprise so committed to being a major contributor to the success of the University.

In this twentieth year, ITC recorded a growth in turnover of some 47% on the prior year, with that growth across all key areas of the organisation. ITC has a direct reported turnover exceeding \$41 million, a far cry from the Company of \$12 million in 1996.

Our success - the University's success

During this year ITC has continued to build on its major strengths in education and training (Wollongong University College and University of Wollongong Dubai Campus), in the provision of international contract and consulting services (ITC International) and in student recruitment, admissions, marketing and external relations (UniAdvice). All these areas experienced great success in 2001.

ITC continues to be a significant financial contributor to many areas within the University, including to faculties and student scholarships in particular.

Payments totalled \$970k during the year, bringing the total direct contribution between 1996 and 2001 inclusive to \$8.4 million.

This does not include the indirect benefits to the University, such as the success of the recruitment activities of ITC in the year, through its UniAdvice division, achieving international student fee income for the University in excess of \$30 million in the year. Adding to this is the flow through to the University of students from both of the Wollongong University College campuses, which supplied in excess of 500 students to undergraduate and postgraduate courses in the year.

strength

Our future - our growth

As ITC looks forward to the future, it recognises the need to continue to increase its financial contribution to the University, in a fashion that allows for predictability in the return to the parent. The challenge as the Company moves forward over the next few years is completely focused on achieving an adequate and increasing financial return for the parent, by:

- ▶ creating an enterprise that is financially strong and stable, through
- ▶ continuously reviewing both current operations and new operational opportunities in complementary activities, and
- ▶ reinforcing and building on the already strong ties between ITC and the University of Wollongong.

As ITC undertakes its strategic planning in this new millennium, we look towards a Company that will continue this strong growth, through natural growth of current activities and acquisition to broaden its business activities. I have no doubt that our plans can be achieved, not so much by harder work, but by smarter work, and using as the stepping stones those things which we are good at.

I take this opportunity to thank everyone associated with ITC, be they employee or Director, for their support and success during 2001, and trust you will all join me with enthusiasm for an exciting 2002 and beyond.



J W Langridge

International Project Management & Development

ITC International

ITC, through ITC International, provides consulting, project management, and training and development services for clients as diverse as the Australian Agency for International Development (AusAID), World Bank, the Asian Development Bank, United Nations agencies, foreign government organisations and private corporations. Specialist expertise is provided in education, health, human resource development, business, environment, and IT in markets as far afield as East Timor, Indonesia, Laos, Kenya, Maldives, Sri Lanka, Vietnam and other countries within the Middle East and South East Asia.

Over the past five years, ITC has been successful in securing contracts totalling more than \$51 million through international competitive bidding processes, including contracts won in the Maldives, Sri Lanka, Vietnam, Laos, Indonesia, and East Timor.

Many of the projects, conducted in conjunction with the University and managed by ITC International, are extended and renewed, demonstrating strong client satisfaction and the achievement of good development outcomes.

Major international contracts 1996-2001 (a selection)

17 major projects with total value	\$51,725,000
East Timor – one project totalling	\$16,500,000
Sri Lanka – four projects totalling	\$7,220,000
Laos – one project totalling	\$7,235,000
Indonesia – two projects totalling	\$6,150,000
Maldives – three projects totalling	\$3,700,000
Pakistan – two projects totalling	\$1,620,000
Vietnam – three projects totalling	\$9,100,000
Kenya – one project totalling	\$200,000

Services offered include:

- ▶ Project design, management and evaluation
- ▶ Contracting firms and consultants
- ▶ School design, development and evaluation
- ▶ Training needs analysis and staff development proposals
- ▶ Institutional strengthening and capacity building
- ▶ Management and delivery of customised fellowship training programs and formal award courses
- ▶ Equipment procurement.

HIGHLIGHTS AND ACHIEVEMENTS FOR 2001

Major projects

▶ East Timor Australia Interim Capacity Building Project (Interim CAPET)

Successful delivery of a further 12 months of the 23-month program as the Australian Managing Contractor.

Purpose: To support and assist the transitional East Timorese Government and UNTAET to establish an effective administration and to build the capacity of the East Timorese for self-government in 2002.

Total Project Value: A\$16.5 million.



▶ **Indonesia-Australia Partnership for Skills Development:
Laboratory Operations Sub-Project**

Successful completion of the first five months of the project, during which time all milestones were achieved.

Purpose: To develop Indonesian competency standards in the laboratory operations area, with a view to adopting them as national standards once there is a national certification and standards system. The project is preparing and disseminating learning and assessment materials and training staff in training institutions and industry.

Total Project Value: A\$2.3 million.

▶ **Vietnam Secondary Education Sector Masterplan**

Successful implementation of this advisory technical assistance for the Asian Development Bank.

Purpose: The project provided technical assistance to the Government of Vietnam to prepare a comprehensive Secondary Education Sector Master Plan (SESMP) for the period 2001-2010. The SESMP includes policy frameworks, strategies, investment priorities with costed options, and an implementation timetable for the overall development and improvement of secondary education.

Total Project Value: A\$1 million.

Fellowship Programs

▶ East Timor Australia Eduka Scholarship - English For Academic Purposes Program.

Current Project Tenders (at the time of publishing)

▶ Selected as a preferred tenderer for East Timor Australia Development Scholarships: English for Academic Purposes Program

▶ Proposal submitted and outcome awaiting for "ASEAN – Australia Development Co-operation Program – Regional Partnerships Scheme".

▶ Proposal being prepared for a "Contract for the Provision of Short Term Technical Assistance Project Services for the Pacific".

▶ Cambodia Health Sector Boosting Interim Assistance.

New Markets

▶ Investigation of opportunities in new markets including: Bangladesh, Cambodia, Mozambique, Nepal, Zambia.

solutions

Education & Training

Dubai Campus

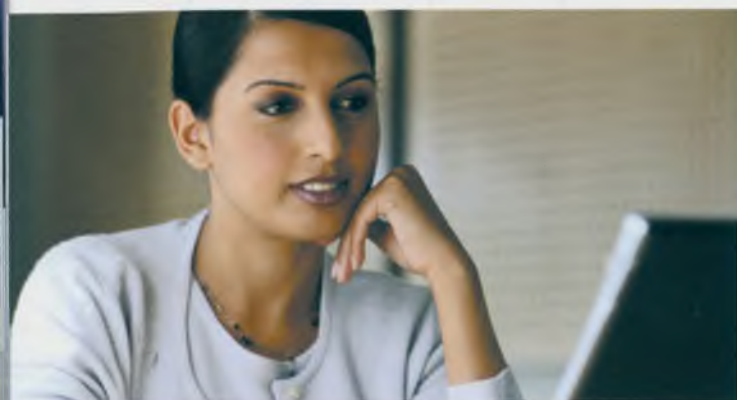
The Dubai Campus of the University of Wollongong has been managed by ITC on behalf of the University since 1993. The Campus has grown significantly during 2001 following its move to an imposing new Campus building in 2000 and the development of a more attractive integrated degree program structure.

During the year the Campus focused on consolidating its front rank position within the Emirates through a concentrated local marketing campaign. The intention was to establish a regional market base in the following year. The Campus has now become an established and preferred higher education destination for quality foreign nationals working in the Emirates. The numbers of Emirati nationals studying at the Campus has grown significantly at the postgraduate

level. This year the Campus participated in education exhibitions in both Dubai and Abu Dhabi, and a high profile advertising campaign operated throughout the year. The Campus has expanded the size of its residential accommodation base during the year.

With a local licence granted by the Ministry of Higher Education in 1999, a submission was made to obtain local Emirates Government accreditation for all programs. Simultaneously, documentation was submitted to the Governments of Oman and Iran to enable the beginning of an accreditation process in those countries.

Currently the Campus is offering programs from English preparation through to postgraduate levels. A growth niche was identified in the



HIGHLIGHTS AND ACHIEVEMENTS 2001

- ▶ By the end of the year the Campus had enrolled more than 700 students, more than double the number at a comparable time the previous year
- ▶ At the end of the year 41 nationalities were represented in the student population
- ▶ An English for University Studies (EUS) program was introduced to assist develop the English language skills of students wishing to undertake academic studies with the Campus
- ▶ An EUS for postgraduate programs was piloted
- ▶ In September General English teaching was dropped in order to focus teaching more energetically on English teaching related to preparation for degree programs

postgraduate market in the area of professional Masters programs for employees interested in improving their professional status during their contract time in the Emirates. To meet this need the Masters of Quality Management was revised during the year to make it more attractive in the local market.

The Bachelor program in Internet Science and Technology drew a significant number of new students and the majors available in Commerce was expanded. A Bachelor of Business Administration with a specialisation on Accountancy was launched in September.



quality

- ▶ The number of full-time academic staff grew to 15 by the end of the year. Staff development was assisted by visits from trainers visiting from the main Campus
- ▶ The Graduation in Dubai saw 95 students graduate at a ceremony attended by Sheikh Hasher bin Rashid Al Maktoum, a member of the Dubai ruling family
- ▶ The Computer system in the Campus was significantly upgraded during the year with the addition of a further 12 "casual use" computer desks in addition to the four formal teaching laboratories. System security was upgraded
- ▶ The Library was upgraded during the year with a computerised book monitoring system and improved security

- ▶ A training business plan was developed during the year with a view to engaging in more focused short-course corporate training, building on the success of the Customs Language project that was renewed for a further year during the year
- ▶ Discussions were held with the Institute for Financial Services (UK) with a view to the Campus being accredited to teach the Institute programs
- ▶ A visit to Oman focused on developing a partnership with an Omani institution through which an Executive MBA could be taught in Muscat.

Education & Training

Wollongong University College

Wollongong University College delivers educational services and courses at two locations, on the main Wollongong campus and in central Sydney. The core business is provision of English language and academic pathway programs that enable international and local

students to proceed to undergraduate and postgraduate programs at the University of Wollongong. The College delivers a commercial return for ITC, and initiates new ventures, courses and markets that benefit all ITC, the University and local and global communities.



Specific courses are:

- ▶ English language programs, including those especially designed for specific University courses
- ▶ Senior Secondary and Foundation Studies programs leading to first year in all University faculties
- ▶ Advanced Diplomas in Business and Information Technology leading to second year in the relevant faculties
- ▶ University Access Program for local mature age students
- ▶ Masters' pathway programs
- ▶ Adult Migrant English Program in the Illawarra.

HIGHLIGHTS AND ACHIEVEMENTS FOR 2001

- ▶ In 2001 strong growth was achieved in enrolments in all programs, most notably in Sydney in the academic programs - Senior Secondary, Foundation Studies and Advanced Diplomas (almost threefold). There was also a 74 percent increase in English language programs in Sydney. There are now over 700 students at the Sydney Centre; the site capacity has been reached, and additional premises are being investigated to allow further growth.
- ▶ The College moved into a new purpose-built facility on the main Wollongong campus in the latter part of 2001. Growth has been solid, approximately 40 percent in academic programs and 30 percent in English language programs. Current enrolments over 700 students.

Estimated Contribution to University of Wollongong from Wollongong University College Student Fees 1998 - 2001

	1998	1999	2000	2001
Est. number of students entering UOW	409	426	474	590
Est. fee income to UOW (A\$million)	8.2	8.5	9.5	11.8

reputation

▶ In 2001 approximately 1000 individual international and 600 local students undertook an English or academic program at WUC Wollongong, with the majority proceeding to a university course. A significant proportion of students from the Sydney Centre (about 20 percent) also enrolled later in a University of Wollongong course. Each international student will pay on average University tuition fees of approximately \$15,000 per year, for several years in the case of undergraduates; this represents a total income to the University over that time in excess of \$30 million.

▶ The Adult Migrant English Program continued to play an important social and community role in assisting new arrivals in the Illawarra. Some innovative programs assisted approximately 300 clients not only to learn English, but also to introduce them to community and government facilities in areas such as health, and to give them the necessary skills to take their place in the broader community.

▶ Study Tour groups provided an opportunity for many students from overseas Colleges and Universities to study English and experience life in Australia and at the University for shorter periods of 2 to 4 weeks. There was also growing demand for tours with a more professional focus, particularly from Government groups in China.

▶ In conjunction with the ITC International East Timor project (CAPET), the College accepted a group of sponsored students into English language programs, prior to their placement in many Australian Universities.

▶ The College provides the Foundation Studies curriculum as the basis for the Freshman Year in Dubai, and recently assisted in improving the English language programs there.

▶ The College conducts an Associate Diploma in Business (equivalent to Foundation Studies) with East China University of Science and Technology in Shanghai, China. The most recent enrolment is in excess of 160 students. There are current negotiations for the provision of English language and Foundation Studies programs in other countries that will benefit ITC and the University of Wollongong.

Education & Training

UniAdvice

UniAdvice is responsible for marketing, recruitment and external relations for the University of Wollongong and Wollongong University College. These services are performed through service contracts. Activities conducted within UniAdvice include domestic and international recruitment of students, a Service Centre, which provides admission and call centre services, and an External Relations Unit to deal with media, protocol and alumni matters.

HIGHLIGHTS & ACHIEVEMENTS

International Student Recruitment

- ▶ Record number of on-campus international students (2,678 at spring 2001)
- ▶ Above state and national growth in commencing University students in 2001 from China, Thailand, United States and Hong Kong
- ▶ Promotional campaigns in Singapore and Malaysia resulted in 120 percent increase in applications for 2002 from those countries, including launch of six advanced standing publications and website.



Domestic Student Recruitment

- ▶ Marked increase in demand from NSW HSC School Leavers, with the University's market share of first preferences increasing by 20 percent between 2000 and 2001
- ▶ Increased total first preferences for NSW 2001 HSC school leavers in the Sutherland Shire and South Coast with the Illawarra Region remaining stable with over 70 percent of first preferences. UOW continues to be the preferred tertiary institution in the Illawarra and Sutherland Shire
- ▶ Domestic recruitment achieved an enrolment of 338 students by the Spring audit which exceeded the Spring target of 260 fee paying students.

Service Centre

- ▶ On-line web application form rolled out and well received
- ▶ Staff handled the largest increase in applications to the University ever
- ▶ The complete integration of enquiries and admissions into a highly successful Service Centre team.

External Relations

- ▶ External Relations strategy development with key emphasis on enhancing the reputation and financial capital of the University of Wollongong
- ▶ Establishment of international Alumni Chapters in Thailand and Dubai focussing on developing the University's strategic plan in profile raising, marketing and recruitment
- ▶ Increased domestic media exposure
- ▶ Successful implementation of UOW 50th Anniversary program including: major Community Festival; a special anniversary function for Honoraries and Fellows of the University; a commemorative issue of the Alumni Outlook magazine; and a special community display
- ▶ Effective government relations program which centres on seeking funding for a number of major UOW initiatives whilst continuing to lobby on key policy issues.

recruitment





Financial Report

for the year ended 31 December 2001

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Report of the Directors

for the year ended 31 December 2001

The Directors present their report together with the consolidated financial report of Illawarra Technology Corporation Limited for the year ended 31st December 2001.

Directors

The following persons hold office as Directors of Illawarra Technology Corporation Limited (ITC Ltd) and subsidiary at the date of this report:

	Date of Appointment	
	ITC Ltd	ITC Europe Ltd
Mr GF Maltby (Chairman)	6 April 1990	-
Dr BS Hickman (Deputy Chairman)	1 July 1992	-
Mr JW Langridge (Managing Director)	23 June 1989	22 Nov 2000
Dr BS Gillett	23 May 1990	-
Prof GR Sutton	17 Jan 1995	-
Prof PM Robinson	19 Feb 1996	-
Ms E Menzies	1 June 2000	-
Mr S McDonell (Company Secretary ITC Ltd)	-	22 Nov 2000

Results

The net result of the ordinary trading operations of the Group for the year ended the 31 December 2001 was a profit of \$127,190 (2000:\$437,055).

Principal Activities

The principal activities of the Group consist of undertaking activities which enable it to support and add value to the strategic goals and objectives of the University of Wollongong and to acquire and manage contracts and deliver services which achieve a commercial return, and enable the Group where possible to contribute financially to support the University of Wollongong.

These primary activity areas include marketing and recruitment (UniAdvice) for the University of Wollongong and College, delivery of pre-university education (Wollongong University College) delivery of university education offshore (Dubai Campus) and provision of international contract and consulting services (ITC International).

Review of Operations

The profit of \$127,190 for the year from the operations of the Group is after recognition of further costs incurred during the year in finalising the withdrawal of the company from any mainstream technology activities.

Significant Changes

The operation of ITC Europe Ltd has been ceased in its current form while review to the future direction of the operation is undertaken. During the year the group completed its withdrawal from mainstream technology development in both manufacturing technologies and IT development.

Matters Subsequent to the end of the Financial Year

As at the date of this report, the Directors are not aware of any matter or circumstance which has arisen since the 31st of December 2001, that has significantly affected, or may significantly affect, the operations or the state of affairs of the Corporation in the financial year subsequent to the 31 December 2001, that is not already reflected in the financial results.

Likely Developments

As at the date of this report, the Directors have focused their attention on achieving the Company's goals in the natural growth of the current business activities and are not otherwise aware of any significant and likely developments in regard to the future of the Company.

Dividends

Under the Memorandum and Articles of Association the Corporation is not permitted to distribute earnings by way of dividends, and as such no dividends have been declared or paid during the period.

Directors' Interests and Benefits

- ☐ Mr James W Langridge is Managing Director and an employee of ITC Ltd.
- ☐ Professor Gerard Sutton is Vice-Chancellor and Principal of the University of Wollongong, the Parent Entity of ITC Ltd.
- ☐ Professor Peter Robinson is a specialist advisor to the University of Wollongong, the Parent Entity of ITC Ltd.
- ☐ Mr Stuart McDonell is Company Secretary (holding company) and an employee of ITC Ltd.

With the above exceptions no director of ITC Ltd has received, or has become entitled to receive, a benefit (other than a remuneration benefit included in Note 22 to the accounts) because of a contract that:

- ☐ the Director; or
- ☐ a firm of which the Director is a member; or
- ☐ an entity in which the Director has a substantial financial interest;

has made with:

- ☐ ITC Ltd; or
- ☐ an entity that ITC Ltd controlled, or a body corporate that was related to ITC Ltd.

No Director has any interest in any shares of the corporation or its subsidiary.

Report of the Directors

for the year ended 31 December 2001

Information on Directors

Director	Qualifications & Experience	Special Delivery Responsibilities
Mr GF Maltby	Chairman, 9 years Director, 11 years 11 months <i>Chairman</i> <ul style="list-style-type: none">Australian Telecommunications Users Group (ATUG)Whitesmiths Aust Pty LtdThe Maltby Group Pty LtdThales International Pacific Holdings Pty Ltd	Non-Executive Director Chairman, Audit Sub-Committee
Mr JW Langridge	Managing Director, 11 years 9 months Director, 12 years 9 months <i>Director</i> <ul style="list-style-type: none">University of Wollongong Foundation LtdIELTS Australia Pty LtdITC Europe LtdJLSM No 1 Pty Ltd	Executive Director Member, Audit Sub-Committee
Dr BS Gillett	Director, 11 years 10 months <i>Director</i> <ul style="list-style-type: none">University of Wollongong Foundation LimitedOpenstone Pty LtdWork Integrated Learning Australia	Non-Executive Director
Dr BS Hickman	Deputy Chairman 3 years 9 months Director, 9 years 9 months <i>Chairman</i> <ul style="list-style-type: none">Australian Mineral Foundation Limited <i>Director</i> <ul style="list-style-type: none">ARRB Transport Research LimitedEnergy Resources Australia Limited	Non-Executive Director Member, Audit Sub-committee
Prof GR Sutton	Director, 7 years 2 months <i>Vice-chancellor, and Principal</i> <ul style="list-style-type: none">University of Wollongong <i>Director</i> <ul style="list-style-type: none">Australian Academic and Research Network (AARNet)Australian Vice Chancellors' Committee (AVCC)	Non-Executive Director
Prof PM Robinson	Director, 6 years 1 month <i>Corporate advisor on Research and Innovation,</i> <ul style="list-style-type: none">University of Wollongong <i>Director</i> <ul style="list-style-type: none">Cooperative Research Centre for Alloy Solidification TechnologyCooperative Research Centre for Intelligent Manufacturing Systems and TechnologiesCooperative Research Centre for Welded Structures <i>Plus:</i> <ul style="list-style-type: none">Cooperative Research Centre Railway Engineering and TechnologiesCooperative Research Centre Smart Internet Technologies	Non-Executive Director
Ms E Menzies	Director, 1 year 7 months <i>Partner and Principal</i> <ul style="list-style-type: none">Menzies Lawyers	Non-Executive Director

Report of the Directors

for the year ended 31 December 2000

Directors of the subsidiary company (ITC Europe Ltd) additional to those listed on the previous page are:

Director	Qualifications & Experience	Special Delivery Responsibilities
Mr S McDonell	Company Secretary, 7 years 10 months <i>Director</i> <ul style="list-style-type: none">JLSM No 1 Pty Ltd <i>Director/Company Secretary</i> <ul style="list-style-type: none">ITC Europe Ltd	Executive Director

Indemnities

The Company under its global insurance arrangements has in place a Directors and Officers Indemnity policy, which is in accordance with the Memorandum and Articles of Association of the Company.

Directors' Meetings

The number of Directors' meetings and meetings of committees of Directors held in the period each Director held office during the financial year and the number of meetings attended by each Director are:

Director	ILLAWARRA TECHNOLOGY CORPORATION LTD				ITC EUROPE LTD	
	Board Meetings		Audit Sub-Committee Meetings		Board Meetings	
	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended
Mr GF Maltby	7	7	5	5	-	-
Mr JW Langridge	7	6	5	4	1	1
Dr BS Gillett	7	7	-	-	-	-
Dr BS Hickman	7	6	5	4	-	-
Prof GR Sutton	7	7	-	-	-	-
Prof PM Robinson	7	5	-	-	-	-
Ms E Menzies	7	7	-	-	-	-
Mr K Ellender	-	-	-	-	1	1
Mr S McDonell	-	-	-	-	1	-

This report is made in accordance with a Resolution of the Directors.


Director


Director

Dated at Wollongong this 27th day of March 2002.



GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

ILLAWARRA TECHNOLOGY CORPORATION LIMITED

To Members of the New South Wales Parliament and Members of Illawarra Technology Corporation Limited

Scope

I have audited the accounts of Illawarra Technology Corporation Limited for the financial year ended 31 December 2001. The financial report includes the consolidated financial statements of the consolidated entity comprising the Illawarra Technology Corporation and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report consisting of the statements of financial performance, statements of financial position, statements of cash flows and accompanying notes, directors' declaration, and the information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament and members of the company based on my audit as required by the *Public Finance and Audit Act 1983* (the PF&A Act) and the *Corporations Act 2001*.

My audit has been conducted in accordance with Australian Auditing Standards and statutory requirements to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with my understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of Illawarra Technology Corporation Limited complies with section 41B of the PF&A Act, and is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2001 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

R J Sendt
Auditor-General

SYDNEY
27 March 2002

Certificate

under The Public Finance and Audit Act 1983

Pursuant to the requirements of the Public Finance and Audit Act, 1983, in accordance with the resolution of the Board of Directors, we declare that in our opinion:

- ☐ The accompanying financial statements exhibit a true and fair view of the financial position of Illawarra Technology Corporation Ltd and subsidiary as at the 31st of December 2001 and transactions for the period then ended.
- ☐ The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Public Finance and Audit Regulation 2000, Urgent Issues Group Consensus Views and applicable Accounting Standards.

Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Director



Director

Dated at Wollongong this 27th day of March 2002.

Director's Declaration

In accordance with a resolution of the Directors of Illawarra Technology Corporation Limited we state that:

- ☐ The attached is a general purpose financial report and presents a true and fair view of the financial position and performance of the company as at 31 December 2001 and the results of its operations and transactions of the company for the year then ended;
- ☐ The financial report has been prepared in accordance with the provisions of the Corporation Act 2001 and applicable Accounting Standards;
- ☐ We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and,
- ☐ There are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors, and on behalf of the Directors.



Director



Director

Dated at Wollongong this 27th day of March 2002.

Statements of Financial Performance

for the year ended 31 December 2001

	Notes	Consolidated Accounts		ITC Limited	
		Year Ended	Year Ended	Year Ended	Year Ended
		2001	2000	2001	2000
		\$	\$	\$	\$
Revenues from ordinary activities	3	41,593,345	27,789,679	41,593,345	27,789,679
Expenses from ordinary activities, excluding borrowing costs		(41,345,872)	(27,351,147)	(41,344,290)	(27,351,147)
Borrowing costs expense		(120,283)	(1,477)	(120,283)	(1,477)
Profit from ordinary activities	26	127,190	437,055	128,772	437,055

The Statements of Financial Performance should be read in conjunction with the accompanying Notes 1 to 30.

Statements of Financial Position

as at 31 December 2001

		Consolidated Accounts		ITC Limited	
		Year Ended	Year Ended	Year Ended	Year Ended
		2001	2000	2001	2000
	Notes	\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	6	6,660,795	1,920,632	6,660,639	1,902,421
Receivables	7	3,456,716	3,016,128	3,456,543	3,043,390
Inventories	8	709,395	243,476	709,395	243,476
Other	9	1,912,676	1,233,478	1,912,676	1,233,478
TOTAL CURRENT ASSETS		12,739,582	6,413,714	12,739,253	6,422,765
NON-CURRENT ASSETS					
Other financial assets	10	31,000	31,000	31,677	31,003
Property, plant and equipment	11	2,772,932	2,562,160	2,772,932	2,562,160
Other	9	232,412	475,685	232,412	466,631
TOTAL NON-CURRENT ASSETS		3,036,344	3,068,845	3,037,021	3,059,794
TOTAL ASSETS		15,775,926	9,482,559	15,776,274	9,482,559
CURRENT LIABILITIES					
Payables	12	4,796,190	3,548,222	4,794,956	3,548,222
Interest bearing liabilities	13	-	337,786	-	337,786
Provisions	14	1,089,699	467,180	1,089,699	467,180
Other	15	7,667,882	3,598,534	7,667,882	3,598,534
TOTAL CURRENT LIABILITIES		13,553,771	7,951,722	13,552,537	7,951,722
NON-CURRENT LIABILITIES					
Interest bearing liabilities	13	1,900,000	900,000	1,900,000	900,000
Provisions	14	167,814	603,686	167,814	603,686
TOTAL NON-CURRENT LIABILITIES		2,067,814	1,503,686	2,067,814	1,503,686
TOTAL LIABILITIES		15,621,585	9,455,408	15,620,351	9,455,408
NET ASSETS		154,341	27,151	155,923	27,151
EQUITY					
Contributed equity	16	2	2	2	2
Retailed profits	17	154,339	27,149	155,921	27,149
TOTAL EQUITY		154,341	27,151	155,923	27,151

The statements of financial performance should be read in conjunction with the accompanying notes 1 to 30.

Statement of Cash Flows

for the year ended 31 December 2001

		Consolidated Accounts		ITC Limited	
		Year Ended 2001	Year Ended 2000	Year Ended 2001	Year Ended 2000
	Notes	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		50,193,131	30,137,146	50,193,131	30,137,146
Payments to ITC Europe Ltd		-	-	(188,245)	(27,262)
Payments to suppliers and employees		(44,709,535)	(29,562,693)	(44,502,561)	(29,553,639)
Interest received		177,672	145,974	177,672	145,974
Interest paid		(120,283)	(1,477)	(120,283)	(1,477)
Net cash provided by operating activities	23(a)	5,540,985	718,950	5,559,714	700,742
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for property, plant and equipment		(1,516,163)	(1,910,611)	(1,516,163)	(1,910,611)
Proceeds, sale of property, plant and equipment		48,925	22,403	48,925	22,403
Investment in ITC Europe Ltd		-	-	(674)	(3)
Dividend received from investments		4,202	2,101	4,202	2,101
Net cash used in investing activities		(1,463,036)	(1,886,107)	(1,463,710)	(1,886,110)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase/(repayment) of borrowings		1,000,000	900,000	1,000,000	900,000
Net cash provided by financing activities		1,000,000	900,000	1,000,000	900,000
Net increase/(decrease) in cash held		5,077,949	(267,157)	5,096,004	(285,368)
Cash at the beginning of the year		1,582,846	1,850,003	1,564,635	1,850,003
CASH AT THE END OF THE YEAR	23(b)	6,660,795	1,582,846	6,660,639	1,564,635

The statements of financial performance should be read in conjunction with the accompanying notes 1 to 30.

to and forming part of the financial statements for the year ended 31 December 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Public Finance and Audit Act, 1983, Public Finance and Audit Regulation 2000, applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards and the Corporations Act 2001.

It is prepared on an accrual basis and in accordance with the historical cost convention, and except where stated does not take into account changing money values or current values of non-current assets. Unless otherwise stated the accounting policies adopted are consistent with those of the previous year.

(b) Reclassification of financial information

Some line items and sub-totals reported in the previous financial year have been reclassified and repositioned in the financial statements as a result of the first time application on 1 January 2001 of the revised standards AASB 1018 Statement of Financial Performance, AASB 1034 Financial Report Presentation and Disclosures and the new AASB 1040 Statement of Financial Position.

Adoption of these standards has resulted in the transfer of the reconciliation of opening to closing retained profits from the face of the statement of financial performance to Note 17.

(c) Fixed Assets

Property, plant and equipment, are depreciated over their estimated useful lives using the straight line method. All fixed assets are recorded in the accounts (refer note 11) at written down value. The depreciation rates used for each class of asset are as follows:

	31 December 2001 %	31 December 2000 %
Plant and equipment	10 to 33 $\frac{1}{3}$	10 to 33 $\frac{1}{3}$
Furniture and fittings	10 to 20	10 to 20
Computer equipment	16 $\frac{2}{3}$ to 33 $\frac{1}{3}$	16 $\frac{2}{3}$ to 33 $\frac{1}{3}$
Motor vehicles	25	25

Profits and losses on disposal of property, plant and equipment are taken into account in determining the profit for the year. Profit or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

All assets acquired including property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Expenditure, including that on internally generated assets other than research and development costs, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred. Items of plant and equipment less than \$300 are expensed in the year of acquisition.

(d) Employee Entitlements

The amounts expected to be paid in respect of employees' pro-rata entitlements to long service and annual leave are accrued annually at current wage rates. The amounts shown are at their nominal value. Contributions to employee superannuation funds are charged as expense as the contributions are paid or become payable. As leave is taken, the cost is charged against the provision. The basis of the split of long service leave between current and non current is based on the entitlement of the employee to take the leave accrued, that is with 10 or more years of completed service with the Company.

(e) Related Entities

The Group is an education, training and consulting arm of the University of Wollongong, which holds one hundred percent (100%) of the share capital of ITC Ltd. The Group's activities are dependent upon a continuing relationship with the University of Wollongong. Transactions between the Group and the University of Wollongong and other related entities consisted of the provision of consultancy services, materials and facilities, which were largely made under normal commercial terms and conditions, except as referred in Notes 1(i) and 28.

(f) Statement of Cash Flows

For the purpose of the statement of cash flows, cash includes cash on hand, deposits held at call with banks, investments in money market instruments and bank overdraft. The bank overdraft facility is shown under interest bearing liabilities in the balance sheet.

(g) Foreign Currency Translation

Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of transaction or at a fixed rate determined each quarter. At balance date, amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

Specific Commitments (refer Note 21)

The consolidated entity continued its policy of foreign exchange risk management specifically to minimise risk relating to contracts denominated in foreign currencies. Major incoming funds under foreign currency denominated contracts are covered by forward exchange contracts at the time the contract cash flow pattern is determined.

(h) Revenue Recognition

All revenue is recognised net of GST, and in the year to which it relates, except as noted below:

- ☐ student income in the College operation is not recognised until it is received, at which time it is recognised over the period of the course or program.
- ☐ Project revenue is not recognised until such time as it is invoiceable to the customer.
- ☐ Revenue on sale of non current assets is recognised at the time control of the asset transfers to the buyer.

(i) Receivables and Payables

Trade accounts receivable are carried at amounts due. Bad debts are written off or provided for in the period in which they are identified. The Company makes provision for doubtful debts based on specific assessment.

Trade accounts payable, including accruals not yet billed, are recognised when the consolidated entity becomes obliged to make future payments as a result of a purchase of assets or services. Trade accounts payable are generally settled within 45 days of the date of the supplier invoice. The account with the parent is operated under agreed payment terms of 120 days. The directors consider the carrying amounts of trade and other accounts payable to approximate their net fair values.

(j) Investments

Investments have been brought to account at cost. The Directors estimate the market value of the investments to approximate the cost.

(k) Inventory Valuation

Books for resale:

Inventory comprising of book stocks is valued at the lower of cost or net realisable value. These are obtained for the personal use of students, and the cost is recovered from them. Inventory cost is based on weighted average cost.

Work in progress:

Work in progress represents capitalised costs incurred in projects. These are expensed when the jobs become invoiceable.

(l) Deferred Expenditure

Items of expenditure have been deferred in accordance with the principle of creation of future economic benefit to the consolidated entity. Such items are valued at cost in the accounts and will be amortised against future earnings as and when relevant earnings streams commence.

In the opinion of Directors such treatment reflects the anticipated future value of the expenditure to the organisation.

(m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowing, amortisation of ancillary costs in connection with arrangements of borrowings, and including trade creditor and lease finance charges. Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Notes

to and forming part of the accounts for the year ended 31 December 2001

(o) Interest rate and credit risk

Interest rate risk

The consolidated entity's exposure to interest rate risk on financial instruments at balance date are:

	Weighted average effective rate%	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
2000					
ASSETS					
Cash	4.85	1,898,582	-	22,050	1,920,632
Receivables		-	-	3,016,128	3,016,128
Other financial assets		-	-	31,000	31,000
TOTAL FINANCIAL ASSETS		1,898,582	-	3,069,178	4,967,760
LIABILITIES					
Interest bearing liabilities	8.00	900,000	-	-	900,000
Payable		-	-	3,575,484	3,575,484
Overdraft	9.70	337,786	-	-	337,786
TOTAL FINANCIAL SOLUTIONS		1,237,786	-	3,575,484	4,813,270
2001					
ASSETS					
Cash	4.26	6,066,982	-	593,813	6,660,795
Receivables		-	-	3,456,716	3,456,716
Other financial assets		-	-	31,000	31,000
TOTAL FINANCIAL ASSETS		6,066,982	-	4,081,529	10,148,511
LIABILITIES					
Payables		-	-	4,796,190	4,796,190
Interest bearing liabilities	8.00	1,900,000	-	-	1,900,000
TOTAL FINANCIAL LIABILITIES		1,900,000	-	4,796,190	6,696,190

Credit risk

The credit risk on financial assets is the carrying amount shown in the accounts. The consolidated entity does not have any significant exposure to any individual customer, counter party or shareholding.

Notes

to and forming part of the accounts for the year ended 31 December 2001

2. CONTROLLED ENTITIES

The results from operations in respect of entities controlled by Illawarra Technology Corporation Ltd are as follows:

	31-Dec-01	31-Dec-00
	\$	\$
ITC Europe Ltd	(206,300)	N/A

The basis of control of the above entity is 100% equity in 250 fully paid share of £STG250.00.

3 REVENUE FROM ORDINARY ACTIVITIES

	Consolidated Accounts		ITC Limited	
	Year Ended 2001	Year Ended 2000	Year Ended 2001	Year Ended 2000
	\$	\$	\$	\$
Sales revenue	41,366,748	27,389,548	41,366,748	27,389,548
Other revenue				
Recoveries from third parties	-	231,754	-	231,754
Proceeds from sale of fixed assets	48,925	22,403	48,925	22,403
Investment income - Interest	177,672	145,974	177,672	145,974
	<u>41,593,345</u>	<u>27,789,679</u>	<u>41,593,345</u>	<u>27,789,679</u>

4 PROFIT FROM ORDINARY ACTIVITIES

The profit from ordinary activities is arrived at:

After charging:

Interest paid/payable:

other persons/corporations	120,283	1,477	120,283	1,477
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Depreciation:

Motor vehicles	33,958	214,645	33,958	214,645
Other equipment	461,545	36,133	461,545	36,133
Computer equipment	547,345	366,882	547,345	366,882

Provisions:

Doubtful debts	(37,792)	40,667	166,926	40,667
Loss from sale/disposal of fixed assets	213,618	41,980	213,618	41,980

After crediting:

Interest received receivable:

Other persons/corporation	177,672	145,974	177,672	145,974
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5. INCOME TAX

No income tax expense has been provided in the Company's accounts as it is exempt from income tax under S23(h) of the Income Tax Assessment Act. No income tax expense has been provided in ITC Europe Ltd's accounts as the Company traded at a loss during the reporting year and it is not appropriate to record a deferred tax asset as recovery is not considered certain.

Notes

to and forming part of the accounts for the year ended 31 December 2001

	Consolidated Accounts		ITC Limited	
	Year Ended 2001 \$	Year Ended 2000 \$	Year Ended 2001 \$	Year Ended 2000 \$
6 CASH ASSETS				
Petty cash	4,424	3,839	4,424	3,839
Cash at bank and on hand	6,656,371	1,916,793	6,656,215	1,898,582
	<u>6,660,795</u>	<u>1,920,632</u>	<u>6,660,639</u>	<u>1,902,421</u>
7 RECEIVABLES				
Trade debtors				
- UOW/UniCentre	1,032,336	187,803	1,032,336	187,803
- Other third parties	2,406,424	2,784,615	2,406,424	2,784,615
- Less: Provision for doubtful debts	(2,875)	(40,667)	(2,875)	(40,667)
	<u>3,435,885</u>	<u>2,931,751</u>	<u>3,435,885</u>	<u>2,931,751</u>
Other				
- ITC Europe Ltd	173	-	204,718	27,262
- Provision for doubtful debt	-	-	(204,718)	-
- Other debtors	20,658	84,377	20,658	84,377
	<u>3,456,716</u>	<u>3,016,128</u>	<u>3,456,543</u>	<u>3,043,390</u>
At balance date, Directors consider the recoverability of the debt owed by ITC (Europe) Ltd to ITC Limited to be uncertain, and have provided for such in full.				
8 INVENTORY				
Books for resale (at cost)	107,883	34,716	107,883	34,716
Work in progress	601,512	208,760	601,512	208,760
	<u>709,395</u>	<u>243,476</u>	<u>709,395</u>	<u>243,476</u>
9 OTHER				
Current				
Prepayment and other advances	1,507,784	1,233,478	1,507,784	1,233,478
Deferred expenditure	404,892	-	404,892	-
	<u>1,912,676</u>	<u>1,233,478</u>	<u>1,912,676</u>	<u>1,233,478</u>
Non-current				
Deferred expenditure	232,412	475,685	232,412	466,631

Deferred expenditure incurred in 2000 relating to the establishment of ITC (Europe) Ltd (\$23,071 Group and \$14,017 ITC Ltd) was written off during 2001.

The deferred expenditure represents funds expended during 2000 and 2001 relating to meeting the requirements for the issue of a permanent licence to operate in Dubai (2001: \$772,268 gross and 2000: \$452,614 gross).

In December 1999, ITC was granted a two year interim licence to operate the Dubai Campus. This licence included a significant number of stringent conditions to be met within two years in order for the campus to continue to operate. The expenditure incurred during 2000 and up to August 2001 relates to meeting the interim licence criteria. As it is anticipated that a full licence will be granted during 2002, this expenditure is being amortised commencing from September 2001 over a period of 24 months.

Notes

to and forming part of the accounts for the year ended 31 December 2001

10. OTHER FINANCIAL ASSETS

	Consolidated Accounts				ITC Limited			
	2001		2000		2001		2000	
	\$ (at cost)	% (Holdings)	\$ (at cost)	% (Holdings)	\$ (at cost)	% (Holdings)	\$ (at cost)	% (Holdings)
• IDP Education Australia Limited	10,000	2.7	10,000	2.7	10,000	2.7	10,000	2.7
• International English Language Testing System (IELTS) Australia Pty Ltd	21,000	4.6	21,000	4.6	21,000	4.6	21,000	4.6
• ITC Europe Limited (Subsidiary)	-	-	-	-	677	-	3	100
	31,000		31,000		31,677		31,003	

During the year ended 31/12/01 a dividend of \$4,202 (2000: \$2,101) was received from IELTS Australia Pty Ltd. No other dividends were received or receivable during the year.

11. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Accounts		ITC Limited	
	Year Ended 2001 \$	Year Ended 2000 \$	Year Ended 2001 \$	Year Ended 2000 \$
Plant and equipment, furniture and fittings at cost	2,741,347	2,221,352	2,741,347	2,221,352
Less: Accumulated depreciation	(1,220,069)	(876,029)	(1,220,069)	(876,029)
	1,521,278	1,345,323	1,521,278	1,345,323
Computer equipment at cost	2,722,199	2,319,529	2,722,199	2,319,529
Less: Accumulated depreciation	(1,514,681)	(1,196,823)	(1,514,681)	(1,196,823)
	1,207,518	1,122,706	1,207,518	1,122,706
Motor vehicles at cost	89,360	285,822	89,360	285,822
Less: Accumulated depreciation	(45,224)	(191,691)	(45,224)	(191,691)
	44,136	94,131	44,136	94,131
Total plant and equipment, computers and motor vehicles	5,552,906	4,826,703	5,552,906	4,826,703
Less: Accumulated depreciation	(2,779,974)	(2,264,543)	(2,779,974)	(2,264,543)
	2,772,932	2,562,160	2,772,932	2,562,160

Notes

to and forming part of the accounts for the year ended 31 December 2001

	Consolidated Accounts		ITC Limited	
	Year Ended	Year Ended	Year Ended	Year Ended
	2001	2000	2001	2000
	\$	\$	\$	\$
11. PROPERTY, PLANT AND EQUIPMENT (cont'd)				
Reconciliations				
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:				
Computer equipment				
Carrying amount at beginning of year	1,122,706	663,364	1,122,706	663,364
Purchases during year	823,364	834,252	823,364	834,252
Depreciation during year	(547,345)	(366,882)	(547,345)	(366,882)
Disposals/write offs at written down value	(191,207)	(8,028)	(191,207)	(8,028)
Carrying amount at end of year	1,207,518	1,122,706	1,207,518	1,122,706
Motor vehicles				
Carrying amount at beginning of year	94,131	52,907	94,131	52,907
Purchases during year	-	77,357	-	77,357
Depreciation during year	(33,958)	(36,133)	(33,958)	(36,133)
Disposals/write offs at written down value	(16,037)	-	(16,037)	-
Carrying amount at end of year	44,136	94,131	44,136	94,131
Plant and equipment, furniture and fittings				
Carrying amount at beginning of year	1,345,323	617,321	1,345,323	617,321
Purchases during year	692,800	999,002	692,800	999,002
Depreciation during year	(461,545)	(214,645)	(461,545)	(214,645)
Disposals/write offs at written down value	(55,300)	(56,355)	(55,300)	(56,355)
Carrying amount at end of year	1,521,278	1,345,323	1,521,278	1,345,323
Total plant and equipment, furniture and fittings				
Carrying amount at beginning of year	2,562,160	1,333,592	2,562,160	1,333,592
Purchases during year	1,516,164	1,910,611	1,516,164	1,910,611
Depreciation during year	(1,042,848)	(617,660)	(1,042,848)	(617,660)
Disposals/write offs at written down value	(262,544)	(64,383)	(262,544)	(64,383)
Carrying amount at end of year	2,772,932	2,562,160	2,772,932	2,562,160
12. PAYABLES				
Trade creditors:				
Related entities	1,035,812	1,196,574	1,035,812	1,196,574
Other	759,893	587,397	758,659	587,397
Other creditors and accruals	3,000,485	1,764,251	3,000,485	1,764,251
	4,796,190	3,548,222	4,794,956	3,548,222

Notes

to and forming part of the accounts for the year ended 31 December 2001

	Consolidated Accounts		ITC Limited	
	Year Ended 2001 \$	Year Ended 2000 \$	Year Ended 2001 \$	Year Ended 2000 \$
13. INTEREST BEARING LIABILITIES				
Current				
Overdraft	-	337,786	-	337,786
Non-current				
Loan from UOW	1,900,000	900,000	1,900,000	900,000

ITC Limited's line of credit with the National Australia Bank Ltd comprises an overdraft facility of \$600,000 and a business credit card account for \$150,000.

The line of credit is secured by way of a Registered Mortgage Debentures over the assets and undertakings of ITC Limited.

The company has borrowed \$1,900,000 (2000: \$900,000) from parent entity (University of Wollongong), which is part of a \$2.5 million loan facility for the development of the new Dubai campus. The interest rate is currently at 8% variable. Interest is payable monthly in arrears. The loan is repayable in accordance with the table below:

Repayable in more than one year and less than five years	\$1,875,000
Repayable in more than five years	\$ 25,000

Financing arrangements

The consolidated entity has access to the following lines of credit:

Total facilities available				
Bank overdraft	600,000	600,000	600,000	600,000
Related party loans	2,500,000	2,500,000	2,500,000	2,500,000
Credit card facility	150,000	150,000	150,000	150,000
	3,250,000	3,250,000	3,250,000	3,250,000
Facilities utilised at balance date				
Bank overdrafts	-	337,786	-	337,786
Related party loans	1,900,000	900,000	1,900,000	900,000
Credit card facility	-	-	-	-
	1,900,000	1,237,786	1,900,000	1,237,786
Facilities not utilised at balance date				
Bank overdrafts	600,000	262,214	600,000	262,214
Related party loans	600,000	1,600,000	600,000	1,600,000
Credit card facility	150,000	150,000	150,000	150,000
	1,350,000	2,012,214	1,350,000	2,012,214

Notes

to and forming part of the accounts for the year ended 31 December 2001

	Consolidated Accounts		ITC Limited	
	Year Ended 2001 \$	Year Ended 2000 \$	Year Ended 2001 \$	Year Ended 2000 \$
14. PROVISIONS				
Current				
Annual leave	640,619	467,180	640,619	467,180
Long service leave	449,080	-	449,080	-
	<u>1,089,699</u>	<u>467,180</u>	<u>1,089,699</u>	<u>467,180</u>
Non-current				
Long service leave	167,814	603,686	167,814	603,686
	<u>167,814</u>	<u>603,686</u>	<u>167,814</u>	<u>603,686</u>
Movements in annual leave				
Opening balance	467,180	394,060	467,180	394,060
Plus provided during year	935,007	707,379	935,007	707,379
Less paid during year	(761,568)	(634,259)	(761,568)	(634,259)
	<u>640,619</u>	<u>467,180</u>	<u>640,619</u>	<u>467,180</u>
Movements in long service leave				
Opening balance	603,686	586,161	603,686	586,161
Plus provided during year	169,410	126,285	169,410	126,285
Less paid during year	(156,203)	(108,760)	(156,203)	(108,760)
	<u>616,894</u>	<u>603,686</u>	<u>616,894</u>	<u>603,686</u>
15. OTHER				
Income received in advance	<u>7,667,882</u>	<u>3,598,534</u>	<u>7,667,882</u>	<u>3,598,534</u>
16. CONTRIBUTED EQUITY				
Issued and paid up share capital				
2 ordinary shares held by the University of Wollongong	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
The liability of University of Wollongong as the sole member of the Corporation is limited to \$50.00				
17. RETAINED PROFITS				
Retained profits/(accumulated losses) at beginning of year	27,149	(409,906)	27,149	(409,906)
Net profit	<u>127,190</u>	<u>437,055</u>	<u>128,772</u>	<u>437,055</u>
	<u>154,339</u>	<u>27,149</u>	<u>155,921</u>	<u>27,149</u>
18. AUDITORS REMUNERATION				
Total amount received/receivable by the audit office of New South Wales for the audit of the accounts	<u>27,000</u>	<u>35,000</u>	<u>27,000</u>	<u>35,000</u>

The Auditor received no other benefits.

Notes

to and forming part of the accounts for the year ended 31 December 2001

19. EVENTS OCCURRING AFTER BALANCE DATE

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen since the 31st December 2001 that has significantly affected, or may significantly affect, the operations or the state of affairs of the Group in the financial years subsequent to the 31st of December 2001, that are not already reflected in the accounts.

20. AMOUNTS PAYABLE/RECEIVABLE IN FOREIGN CURRENCY

The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year-end exchange rates are as follows:

	Consolidated Accounts	ITC Limited
	\$	\$
United Arab Emirates Dirham		
Amounts payable	1,552,323	1,552,323
Amounts receivable	1,080,299	1,080,299
United States Dollars		
Amounts receivable	310,467	310,467
Papua New Guinea Kina		
Amounts receivable	13,620	13,620

As this is the first year of reporting this information, comparatives are not included.

21 FOREIGN CURRENCY CONTRACTS

The Group has in the normal course of business utilised forward exchange contracts, to hedge exposure to fluctuations in foreign exchange rates.

At balance date the aggregate amount of contingent liability under forward exchange contracts is \$Nil (2000: \$12,137) of which \$Nil (2000: \$12,137) is due within twelve months and \$Nil (2000 \$Nil) is due in greater than one year but less than two years.

22. DIRECTORS REMUNERATION

Directors Income

Income received, or due and receivable, by directors from the Corporation

Consolidated Entity	
Year Ended	Year Ended
2001	2000
\$	\$

319,000	260,000
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The number of directors of ITC Ltd and subsidiary whose income from the ITC Ltd, and related bodies, was within the specified bands, are as follows:

\$'000s	ITC Limited	
	Year Ended	Year Ended
	2001	2000
0-10	2	4
10-20	2	1
20-30	3	2
60-70	1	1
120-130	-	1
140-150	1	-

Consolidated Entity	
Year Ended	Year Ended
2001	2000
\$	\$

Retirement benefits

Amounts paid/payable to the superannuation fund in connection with the retirement of Directors

15,000	18,000
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Notes

to and forming part of the accounts for the year ended 31 December 2001

		Consolidated Accounts		ITC Limited	
		Year Ended	Year Ended	Year Ended	Year Ended
		2001	2000	2001	2000
		\$	\$	\$	\$
23(a). RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Profit from ordinary activities		127,190	437,055	128,772	437,055
Add/(less) items classified as operating activities:					
(Profit)/loss from sale of non-current assets		(24,773)	41,980	(24,773)	41,980
Add/(less) non-cash items:					
Depreciation		1,042,848	617,660	1,042,848	617,660
Amortisation		127,461	-	127,461	-
Fixed asset write offs		238,391	-	238,391	-
Bad and doubtful debts		(37,792)	40,667	166,926	40,667
Dividend received		(4,202)	(2,101)	(4,202)	(2,101)
Net cash provided by operating activities before change in assets and liabilities		1,469,123	1,135,261	1,675,423	1,135,261
Increase in receivables		(402,796)	(1,077,026)	(375,361)	(1,104,288)
Increase in inventories		(465,919)	(511,066)	(465,919)	(511,066)
Increase in other assets		(563,386)	(475,685)	(777,158)	(466,631)
Increase/(decrease) in creditors		1,065,415	755,981	1,064,181	755,981
Increase/(decrease) in provisions		186,647	(70,018)	186,647	(70,018)
Increase/(decrease) in other liabilities		4,251,901	961,503	4,251,901	961,503
Net cash provided by operating activities		5,540,985	718,950	5,559,714	700,742

23(b). RECONCILIATION OF CASH AT THE END OF THE FINANCIAL PERIOD TO THE BALANCE SHEET

Cash assets	6	6,660,795	1,920,632	6,660,639	1,902,421
Overdraft	13	-	(337,786)	-	(337,786)
		6,660,795	1,582,846	6,660,639	1,564,635

24. EMPLOYEE ENTITLEMENTS

Aggregate liability for employee entitlements, including on-costs

Current	14	1,089,699	467,180	1,089,699	467,180
Non-current	14	167,814	603,686	167,814	603,686
		1,257,513	1,070,866	1,257,513	1,070,866

Notes

to and forming part of the accounts for the year ended 31 December 2001

Notes	Consolidated Accounts		ITC Limited	
	Year Ended	Year Ended	Year Ended	Year Ended
	2001	2000	2001	2000
	\$	\$	\$	\$
25. COMMITMENTS				
Non-cancellable operating lease commitments (for office photocopiers, building rent and motor vehicles)				
Due less than one year	912,739	132,417	912,739	132,417
Due more than one year and less than five years	356,138	135,915	356,138	135,915
	<u>1,268,877</u>	<u>268,332</u>	<u>1,268,877</u>	<u>268,332</u>

The aggregate amount of commitments in respect of operating expenditure and capital expenditure (as at the balance date) was \$114,925 and \$41,760 respectively (2000: \$136,195 and \$127,289 respectively). All these amounts are payable within twelve months of the balance date.

26. DETAILED PROFIT AND LOSS ACCOUNT

Income

Sales revenue		41,366,748	27,389,548	41,366,748	27,389,548
Other revenue:					
Recoveries from third parties		-	231,754	-	231,754
Proceeds from sale of fixed assets		48,925	22,403	48,925	22,403
Investment income - Interest - other persons/corporations		177,672	145,974	177,672	145,974
TOTAL INCOME	3	41,593,345	27,789,679	41,593,345	27,789,679

Expenditure (third party)

Salaries and related costs	27	12,895,516	9,267,885	12,895,516	9,267,885
Annual leave, annual leave loading and long service leave	27	1,104,417	833,664	1,104,417	833,664
Superannuation	27	928,716	703,808	928,716	703,808
Project consultancy costs		3,675,442	1,872,625	3,675,442	1,872,625
Scholarship costs - (non UOW)		-	2,187	-	2,187
Agents fees		4,258,201	3,318,231	4,258,201	3,318,231
Direct project costs		6,945,482	3,700,051	6,945,482	3,700,051
Site costs		2,392,837	1,145,016	2,392,837	1,145,016
Laboratory and office costs		1,011,832	1,228,065	1,011,832	1,228,065
Marketing costs		2,087,626	1,887,751	2,087,626	1,887,751
Other personnel costs		505,626	234,714	505,626	234,714
Professional services		661,416	414,943	661,416	414,943
Depreciation		1,042,848	617,660	1,042,848	617,660
Computer services		178,744	77,542	178,744	77,542
Amortisation costs		127,461	-	127,461	-
Subscriptions		105,277	110,839	105,277	110,839
Travel & entertainment - non project		146,453	36,428	146,453	36,428
Insurance		67,724	63,183	67,724	63,183

Notes

to and forming part of the accounts for the year ended 31 December 2001

		Consolidated Accounts		ITC Limited	
		Year Ended 2001	Year Ended 2000	Year Ended 2001	Year Ended 2000
	Notes	\$	\$	\$	\$
26. DETAILED PROFIT AND LOSS ACCOUNT (cont'd)					
Government charges		70,957	36,331	70,957	36,331
Warranty accrual		582,700	-	582,700	-
Motor vehicle expenses		270,184	105,127	270,184	105,127
Bad and doubtful debts		(37,792)	40,667	166,926	40,667
Telephones		349,970	275,659	349,970	275,659
Other expenses		742,134	497,379	535,834	497,379
Value of fixed assets sold/written off		262,543	64,383	262,543	64,383
Interest expense to other persons/corporation		120,283	1,477	120,283	1,477
Total expenditure (third party)		40,496,597	26,211,292	40,495,015	26,211,292
PROFIT BEFORE UOW EXPENSES		1,096,748	1,578,387	1,098,330	1,578,387
Expenditure (UOW)					
Department and faculty fees		748,888	906,111	748,888	906,111
Consultancy services		149,870	172,477	149,870	172,477
Scholarships (UOW related entities)		70,800	62,744	70,800	62,744
Total expenditure (UOW)		969,558	1,141,332	969,558	1,141,332
PROFIT FROM ORDINARY ACTIVITIES		127,190	437,055	128,772	437,055
27. SALARIES AND RELATED COSTS					
Salaries (including sick leave) for employees and employed project consultants - international and domestic		14,219,034	8,670,651	14,219,034	8,670,651
Payroll tax		656,658	556,474	656,658	556,474
Other on costs (including Workers Compensation Insurance)		52,957	40,760	52,957	40,760
TOTAL	26	14,928,649	9,267,885	14,928,649	9,267,885



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